

Developer Fees



What is a Developer Fee?

According to IHFA –
Compensation to the
developer for
overseeing the
development activities.

What is a Developer Fee?

- Developer fees can be spent on the activities associated with developing housing:
 - concept development
 - environmental assessments
 - working with local communities
 - arranging financing
 - staff time, office space

What is a Developer Fee

It is typically based on the size of the project, the total development cost and the risk associated with the project.

What is a Developer Fee?

The developer fee compensates the developer for the risk associated with housing development.

How does an organization receive it?

- Apply and receive a grant from IHFA.
- Complete the project and close out the project.

How Much Can We Get?

- According to IHFA – 15% of the total amount of the HOME funds can be for Developer Fees.
- Organization X applies for \$300,000 for a project - \$45,000 would be for developer fee

What can the developer fee be used for?

- Daily operations cost
- Salaries
- Rent
- Travel
- Training
- Etc.....



Sample Project

- Acquisition \$248,500
- Program Delivery \$15,500
- CHDO Operating \$16,000
- Developer Fees \$40,000

So How Did We Spend the Developer Fee?

- This project took 10 months to develop. Although the project paid for staff time directly related to the project through CHDO operating, it did not pay for the indirect staff cost, rent on space, training for staff, cost of staff not directly working on the project and etc.

Common Mistakes

- Not insuring project has enough developer fee in the budget.
- Not allowing for enough funds in operating and program delivery so organization uses developer fee towards project expenses.